

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 /082 W

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R 131338Z MAY 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 3862

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E.O. 11652: N/A

TAGS: PINT, PN

SUBJECT: CONEP ATTACKS GOP

SUMMARY: IN A STRONGLY WORDED LETTER TO THE GOP, THE PRESIDENT OF THE NATIONAL COUNCIL OF PRIVATE ENTERPRISE (CONEP) HAS LEVIED A FRONTAL ATTACK ON WHAT IT ALLEGES IS CONCERTED EFFORT BY SOME WITHIN THE GOVERNMENT TO SYSTEMATICALLY DESTROY FREE ENTERPRISE SYSTEM IN PANAMA. CLEARLY AIMED AT NATIONAL LEGISLATIVE COMMISSION, THE CONEP LETTER CHARGES THE GOP HAS NOT COMPLIED WITH CONSTITUTIONAL REQUIREMENT FOR PRIOR CONSULTATIONS ON LEGISLATION AFFECTING PRIVATE SECTOR; THAT PANAMA IS BECOMING ECONOMICALLY AND POLITICALLY UNHINGED; THAT CONFIDENCE IN PUBLIC INSTITUTIONS IN GENERAL AND LEGISLATING APPARATUS IN PARTICULAR HAS BEEN LOST; THAT ELEMENTS WITHIN GOP ARE BENT ON DESTRUCTION OF FREE ENTERPRISE; AND THAT, AS RESULT, PRIVATE SECTOR DOES NOT INVEST OR REINVEST. PRESIDENT LAKAS, IN A SPEECH MAY 9, ANGRILY REFERRED TO THE LETTER AS BEING AN INSULT AND "DENIGRATING." WHETHER THE LETTER IS THE OPENING SHOT OF A MORE EXTENSIVE CAMPAIGN BY THE GOP'S OPPONENTS REMAINS TO BE SEEN. END SUMMARY

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1. THE MAY 11 EDITION OF GOP-CONTROLLED DOMINICAL

PUBLISHED, ON FRONT PAGE AND ACCOMPANIED BY SARCASTIC CARTOON, A STRONGLY ACCUSATORY LETTER TO VICE PRESIDENT SUCRE FROM CONEP PRESIDENT RICARDO CUCALON. ADDRESSED TO SUCRE IN HIS CAPACITY AS HEAD OF THE GOP "NATIONAL EMERGENCY COMMISSION" ON THE ECONOMY, THE CONEP LETTER CONDEMNS WHAT IT TERMS THE UNCONSTITUTIONAL POLICY OF LEGISLATING WITHOUT PRIOR CONSULTATION WITH INTERESTED PARTIES AND DENOUNCES WHAT IT SEES AS DELIBERATE EFFORTS BY ELEMENTS WITHIN THE GOP TO DESTROY THE FREE ENTERPRISE SYSTEM. COPIES OF LETTER WERE SENT TO TORRIJOS, PRESIDENT LAKAS, OTHER RANKING GOP OFFICIALS AND PRINCIPAL CIVIC AND PROFESSIONAL GROUPS.

2. LISTING ELEVEN EXAMPLES OF LEGISLATION, SINCE 1971, ON WHICH CONEP ALLEGES IT WAS NOT ADEQUATELY CONSULTED, THE LETTER STATES THAT ITS SIGNATORIES CONSIDERED IT A MATTER OF URGENCY TO POINT OUT THAT THERE IS A "TOTAL LOSS" OF CONFIDENCE IN PUBLIC INSTITUTIONS IN GENERAL AND THE LEGISLATIVE APPARATUS IN PARTICULAR AND THAT THE PRESENT STATE OF AFFAIRS WAS LEADING TO THE POLITICAL AND, ECONOMIC UNHINGING OF THE COUNTRY. SEEING A CONCERTED CAMPAIGN AGAINST THE PRIVATE SECTOR ON THE PART OF "CERTAIN GROUPS WITHIN THE GOVERNMENT," CONEP TERMED THE PRACTICE OF LEGISLATING "BEHIND CLOSED DOORS" AS EVIDENCE OF THE INTEREST OF THESE FUNCTIONAIRES IN THE "TOTAL DESTRUCTION OF DEMOCRATIC FREE PLAY" AND AS LEADING TO THE "CERTAIN RUIN OF THE COUNTRY".

3. ASSERTING THAT, UNDER SUCH CIRCUMSTANCES, THE REFUSAL OF THE PRIVATE SECTOR TO INVEST OR REINVEST COULD NOT BE CONSIDERED AS CAPRICIOUS OR "POLITICAL OPPOSITION", THE LETTER STATED THAT NO INVESTOR COULD PLAN HIS ACTIVITIES IN THE FACE OF UNCERTAINTY REGARDING SUCH A DELICATE MATTER AS NATIONAL LEGISLATION. THE LETTER MAINTAINED THAT OVER THE PAST FEW YEARS THE PRIVATE SECTOR HAD TRIED NOT TO BELIEVE THAT THE GOVERNMENT INTENDED TO SUPPRESS PRIVATE INITIATIVE OR INTRODUCE "POLITICAL MODELS" THAT SUFFOCATE PRIVATE FIRMS TO THE POINT THAT THE GOVERNMENT COULD TAKE THEM OVER WITHOUT PAYMENT. RETURNING TO THE QUESTION OF CONSULTATION, IT WAS STATED THAT WITH EACH EXAMPLE PREVIOUSLY LIMITED OFFICIAL USE

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CITED, AND MANY OTHERS THAT WERE NOT MENTIONED, THE NUMBER OF THOSE WHO BELIEVE THAT "DIALOGUE"--CASUAL, OCCASIONAL AND POST FACTO--IS A LIE AND DECEIT PROPAGATED BY THE MEDIA. THE LETTER CONCLUDED WITH THE ASSERTION THAT WHAT ITS AUTHORS WANTED WAS NOT AN IDEOLOGICAL "PURGE" OR PUNISHMENT BUT TO BE ABLE TO WORK "HONORABLY" IN A COUNTRY OF LAWS NOT MEN.

4. COMMENT: THE CONEP LETTER IS THE STRONGEST ATTACK ON GOP IN SOME TIME, AND SOME QUESTION EXISTS CONCERNING WHO IT REPRESENTS. SOME OFFICIALS OF APEDE (ASSOCIATION OF PANAMANIAN BUSINESS EXECUTIVES), WHICH IS ONE OF CONEP'S CONSTITUTENT ORGANIZATIONS, CHARACTERIZED THE LETTER AS BEING "UNDIPLOMATIC AND UNNECESSARILY PROVOCATIVE" DURING CONVERSATION WITH EMBOFF. HOWEVER, THE VIEWS IT EXPRESSED ARE CONSISTENT THEMES OF PRIVATE SECTOR ACTIVISTS. FOCUSING CRITICISM ON "CERTAIN GROUPS", AN OBVIOUS REFERENCE TO THE NATIONAL LEGISLATIVE COMMISSION, RATHER THAN DIRECTLY AT TORRIJOS APPEARS DESIGNED TO PRECLUDE THE APPEARANCE OF A PERSONAL ATTACK ON THE GENERAL. ALSO, BY CALLING FOR FULL COMPLIANCE WITH CONSTITUTIONAL CONSULTATION REQUIREMENT--RATHER THAN AN ENTIRELY DIFFERENT SYSTEM--CONEP HAS STAYED WITHIN THE LIMITS OF A "LOYAL" OPPOSITION. THERE HAS BEEN NO EDITORIAL REACTION TO DATE--ALTHOUGH PRESIDENT LAKAS ANGRILY ALLUDED TO IT IN HIS REMARKS DURING THE INAUGURATION OF CADE-75--AND SARCASTIC FASHION IN WHICH LETTER WAS PRESENTED IN DOMINICAL MAY INDICATE INITIAL GOP REACTION WILL BE TO BELITTLE LETTER AS TYPICAL OLIGARCHIC MANEUVER. WE HAVE INDICATIONS THAT SOME OF THE GOP'S OPPONENTS MAY BE MOUNTING A CAMPAIGN AGAINST IT. THIS MAY BE PART OF SUCH A CAMPAIGN.

JORDEN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DISPUTES, PRIVATE ENTERPRISE, PUBLICATIONS, ALLEGATIONS, POLITICAL SITUATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Disposition Event:**  
**Disposition History:** n/a  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 3  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 SEP 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12 SEP 2003 by SmithRJ>; APPROVED <16 OCT 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CONEP ATTACKS GOP SUMMARY: IN A STRONGLY WORDED LETTER TO THE GOP, THE PRESIDENT  
**TAGS:** PINT, PN, CONEP  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006